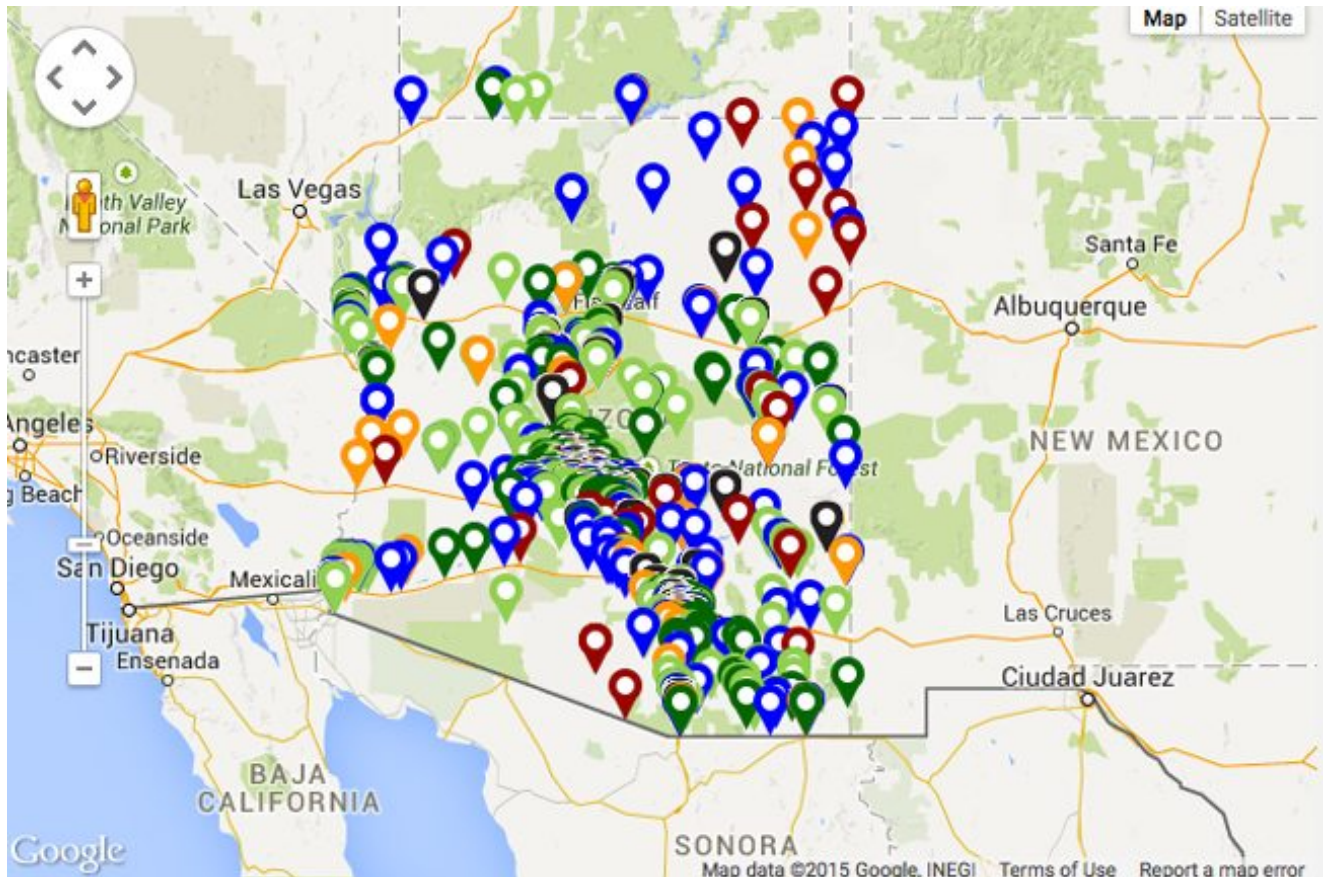


# Public school funding – how we pay for K-12 schools

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Screenshot of a Google map pinpointing public schools in Arizona, part of the Arizona Charter Schools Association’s “Education Evaluator,” which compares enrollment information, student achievement and student funding data for all public schools in Arizona.

With all the recent controversy about budget cuts to education, school funding is much on the minds of Arizona parents. But there is an underlying question: How *do* we pay for public K-12 schools?

The Arizona Constitution requires legislators to “make such appropriations, to be met by taxation, as shall insure the proper maintenance of all state educational institutions.” It also demands that “special appropriations...provide for [the] development and improvement” of schools.

K-12 education in Arizona is funded by a mix of local, state and federal money that varies by year. Local funds derive primarily from **property taxes**. State funds come primarily from general-fund revenue derived from **sales taxes** and personal and corporate **income taxes**. Federal funds come from formula-based funding and competitive grants.

The tricky part is figuring out what combination of local property taxes, state sales taxes, state income taxes and federal funds is optimal to provide “proper maintenance” of public schools.

According to the report *Arizona’s Education Financing*, the breakdown from 2011 shows the heaviest responsibility for funding lies with Arizona’s public school districts:

- 48 percent of K-12 education revenues came from local funds
- 37 percent came from state funds
- 15 percent came from federal sources

Districts once relied on a higher contribution from the state. In 2002:

- 44 percent of revenues came from local funds
- 46 percent came from state funds
- 10 percent came from federal sources

**Relying on local property taxes to fund public schools can create an inequitable system of school funding** because districts located in areas with a high property-tax base fare better than those in areas with a low property-tax base. In fact, the Arizona Supreme Court found in *Roosevelt v. Bishop* that reliance on local property taxes for capital funding was unconstitutional and ordered the state to provide adequate capital funding for *all* public schools.

Relying on the state to provide funding can be more equitable, but public schools are often on the chopping block when budgets are squeezed and elected officials do not want to raise taxes. Legislators created a funding mechanism to fulfill the *Roosevelt v. Bishop* mandate (the Arizona School Facilities Board), but failed to allocate sufficient money to it every year except one.

School districts have received only two cents for every dollar they were supposed to get in recent years.

Lawsuits have been filed in many states, including Arizona, and courts have intervened to require that state governments provide equitable and adequate funding for public schools.

“Arizona fails on almost every measure of fairness or equity or access we’ve got in our report,” according to David Sciarra, executive director of the Education Law Center in New Jersey and co-author of a recent national study on general school funding, who was quoted in a story by the *Arizona Republic*.

## **The types of school funding**

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**Core funding** is what districts and charters receive for basic instructional and operational functions. It is based on an “equalization formula,” which attempts to provide equal funding to district and charter schools regardless of differences in property wealth. The amount of funding a district or charter receives is based on its size, grade levels served, the number of students with special education or language needs and teacher qualifications.

Districts receive core funding from both the state general fund and local property taxes. Some of these taxes are mandated by the state and others are approved in local elections. Charters receive their core funding entirely from the state general fund.

**Supplemental funding** is different for each district or charter and varies every year. Districts and charters may seek additional funds from propositions or voter initiatives, through state grants for targeted programs or tax credits from private citizens, which are used for students’ academic and extracurricular activities. Districts and charters also receive federal dollars, which are typically for targeted programs—Title 1, the Individual with Disabilities Education Act, National School Lunch Program—and competitive grants.

Districts, but not charters, may seek additional funds through:

- bonds and overrides, which must be approved in local elections
- additional local property taxes, which can be levied by the state to address desegregation, dropout prevention and improvement of public ways adjacent to school land
- state general funds (through the School Facilities Board) designated for new school construction, building renewal and debt service

## **School funding resources**

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### Arizona’s Education Financing

A 2013 report by Dan Hunting, senior policy analyst at the Arizona State University Morrison Institute for Public Policy.

### Center for Student Achievement

A nonprofit with a mission to improve student achievement in all schools. Website includes a helpful graphic showing the various sources of revenue that fund our public schools.

### Education Evaluator

View and compare enrollment information, student achievement and state funding data for each public school in Arizona.